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Laying Out the Brutal Facts

Tower's panel shows that the devil was in the details

? It was bound in soothing blue and bore the Presidential Seal. Its language was restrained, dignified, sometimes even gentle. But its message was scalding. Rarely has a presidential commission so sharply criticized its creator. The 288-page report of the President's Special Review Board on the Iran-*contra* affair describes an incredibly inattentive Ronald Reagan, a hear-no-evil Secretary of State George Shultz and Defense Secretary Caspar Weinberger, a devious former CIA Director William Casey, and a Chief of Staff Don Regan whose proclaimed mastery of spin control failed miserably when faced with a matter of substance. And while these officials floundered, Oliver North, with the approval of his boss on the National Security Council staff, John Poindexter, showed a reckless disdain for the laws of the land by creating a covert network to fund the *contras* in Nicaragua while trading arms to the Iranians.

Appointed in early December to examine the structure of the NSC, the panel turned into an aggressive inquisition on the Iran-*contra* affair. Former Texas Senator John Tower, former National Security Adviser Brent Scowcroft and former Maine Senator and Secretary of State Edmund Muskie reached their conclusions with resounding unanimity after taking testimony from some 80 witnesses and reviewing thousands of documents, including a treasure trove of NSC computer messages notable for, among other things, their frequent misspellings.

The report assails the NSC staff, headed until December 1985 by Robert McFarlane, and then by Poindexter, for an "obsession" with secrecy that "provided an excuse for abandoning sound process." It notes that the NSC staff, including North, tried to keep much of the Iran initiative secret from foreign policy experts in the U.S. Government even though it was known to a "variety of persons with diverse interests and ambitions—Israelis, Iranians, various arms dealers and business intermediaries and LtCol North's network of private operatives." Beyond risking exposure abroad, this meant that the "unprofessional" operation was never guided at home by people who understood such essentials as the "situation in Iran: the difficulties of dealing with terrorists;

the mechanics of conducting a diplomatic opening." Charged the board: "The operation functioned largely outside the orbit of the U.S. government [and] was not subject to critical reviews of any kind."

While the impulsive North free-wheeled the Iran venture, he kept only Poindexter "fully informed" and made Casey privy to many operational details. Shortly before McFarlane's now notorious trip to Tehran last May with a plane bearing weapons and the expectation that all American hostages would be released, North uncharacteristically suggested to Poindexter that a "quiet" meeting be held with the President, Shultz, Weinberger and Casey to review the plans. Responded Poindexter in a computer memo to North: "I don't want a meeting with RR, Shultz and Weinberger." It was not held.

The NSC staff secrecy was even more obsessive on North's pivotal role in supplying the *contras* with arms at a time when military aid was banned by Congress. On May 15, Poindexter warned North by computer, "From now on, I don't want you to talk to anybody else, including Casey, except me about any of your operational roles. In fact, you need to quietly generate a cover story that I have insisted that you stop." The next day, Poindexter sent a message that the now departed chief of staff must appreciate: "Don Regan knows very little of your operation and that is just as well." In June, Poindexter indicated that Shultz too should be kept out of *contra* details, telling North, "To my knowledge Secretary Shultz knows nothing about the prior financing. I think it should stay that way."

Astonishingly, the Tower board found that not even the President was aware that his NSC staff, rather than the CIA, was both directing and carrying out the Iran deals. The report faults Casey for not warning Reagan of the risks involved in letting the inexperienced North run such operations and for not insisting the CIA take over the covert project. Declares the report, with deliberate understatement: "The President did not seem to be aware of the way in which the operation was implemented and the full consequences of U.S. participation." He did not, it appears, even bother to ask.

As to how the entire Iran initiative started, the report says it is "unclear" whether it was prompted by Israel, by

"the avarice of arms dealers," or was a result of an "American request for assistance." But the board is certain that Israel "had an incentive to keep the initiative alive" and kept intervening with the NSC staff, Poindexter and even the President to do so. While Israel had great success in repeatedly reviving U.S. interest when it seemed to be waning, the report declares flatly, "U.S. decision makers made their own decisions and must bear responsibility for the consequences."

In the most detailed narrative yet compiled on the scandal, the report sheds new light on some of the sorry affair's major questions:

Was the U.S. trading arms for hostages? The Tower board concedes that the U.S. officials aware of the Iran initiative may have had different motives. But despite such differences, the report concludes, "Almost from the beginning the initiative became in fact a series of arms-for-hostages deals."

The blame for turning the Iranian initiative into an outright arms-for-hostages scheme is placed squarely on one man: Ronald Reagan. The report reveals that notes from the President's diary, as well as his repeated questions about the fate of the hostages to such aides as Regan and Poindexter, show that Reagan's "intense compassion for the hostages . . . appeared to motivate his steadfast support of the Iran initiative, even in the face of opposition from his Secretaries of State and Defense." Regan, for example, told the board that in December 1985 the President had said "that we were going to spend another Christmas with hostages still there and that he was looking powerless and inept because he was unable to do anything to get the hostages out."

Even if skillfully executed, the arms-for-hostages policy would still have been wrong. Such trades "could not help but create an incentive for further hostage-taking . . . They could only remove inhibitions on other nations from selling arms to Iran . . . [The] trades rewarded a regime that clearly supported terrorism and hostage-taking."

Were the arms sales to Iran approved in advance? It was not the panel's role to make judicial verdicts, but the report makes clear that the legality of the arms deals depended on whether the President formally waived in advance the provisions of various arms-export laws forbidding shipments to Iran.

On that critical issue, the President gave three different versions of his recollection of what he had done about Israel's sale of 100 U.S.-made antitank missiles to Iran in August 1985. This shipment started America's involvement in Iran arms sales, since it was conditioned on agreement that the U.S. would resupply Israel. Testifying to the Tower board this past Jan. 26, Reagan said he had approved the shipment sometime in August 1985. He

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even underlined a portion of McFarlane's testimony making the same point to the Senate Foreign Relations Committee. On Feb. 11, however, Reagan told the board that after discussing the matter with Reagan, he realized he had been "surprised" on learning that the Israelis had shipped the weapons, and therefore must not have approved it in advance. That squared with Reagan's testimony to Congress and the board. Two weeks ago Reagan sent a letter to the board saying "I'm afraid that I let myself be influenced by others' recollections" and "I don't remember—period."

Interviewed three times by the board, McFarlane stuck firmly to his story that Reagan had personally given him approval by telephone to tell Israel the President supported the sale. McFarlane said he even reminded Reagan that Shultz and Weinberger opposed this move, but the President assured him he would take "all the heat for that." While the report says it cannot "conclusively" resolve the dispute, the board is "persuaded that [the President] most likely provided this approval prior to the first shipment by Israel."

Israel also made a shipment of 18 U.S.-made Hawk anti-aircraft missiles to Iran in November 1985. The Iranians were furious because the missiles carried Israeli insignia. They demanded that the weapons be sent back to Israel. Again, the President's memory is cloudy on whether he gave an O.K. to the sale. At first he told the board he had objected, and that is why the shipment was returned. Later he said he and Reagan had agreed that "they cannot remember any meeting or conversation about a Hawk shipment."

By the time the U.S. decided to sell arms directly to Iran, a formal presidential finding was necessary. Reagan signed one on Jan. 6, according to the report, but Reagan told the board that the President had done so "in error." He signed another one on Jan. 17. Although the President did not read the covering memo explaining why the finding was needed, he does remember making the decision. He wrote in his diary, "I agreed to sell TOWs to Iran."

Did the NSC staff illegally help the *contras*? In October 1984 Congress passed the Boland Amendment, which made it unlawful for the CIA or any agency of the U.S. Government that is "involved in intelligence activities" to "directly or indirectly" support military operations in Nicaragua. Defying the intent of this law, North proceeded to oversee the creation of a vast resupply network involving secret Swiss bank accounts, dummy corporations, nonprofit tax-exempt foundations and covert solicitation of funds from foreign governments. He called the operation "Project Democracy." Charged the Tower commission: "By fall 1985, North was actively engaged in private efforts to resupply the Contras with lethal equipment."

The board describes in damning detail how North directed at least nine drops of supplies in Nicaragua, and it discovered 36 messages between him and *contra* supply coordinators. Not even military operations

in the field were beyond North's personal involvement. He met in Washington with *Contra* Chieftain Adolfo Calero just one month after the ban against U.S. military aid became effective. According to the report, they reviewed a *contra* plan to destroy some Soviet helicopters acquired by the Sandinistas. In February 1985 a North computer memo asked McFarlane to help Calero get information on a Nicaraguan merchant ship delivering arms from North Korea, with the objective of "seizing or sinking the ship." Poindexter agreed in a note on the memo: "We need to take action to make sure ship does not arrive in Nicaragua." The plan was abandoned only when an unnamed "friendly country" rejected an NSC request to help with the operation.

North also kept close watch on the fund-raising efforts of retired Air Force Major General John Singlaub, who successfully solicited money for *contra* military supplies from two Asian countries unidentified in the report but known to be South Korea and Taiwan. McFarlane told the board that an unnamed "foreign official" (reportedly King Fahd of Saudi Arabia) had donated \$25 million to the *contras* in 1985, putting the money into accounts suggested by North.

About the time that McFarlane had assured a congressional committee that "there is no official or unofficial relation with any member of the NSC staff regarding fund raising for the Nicaraguan Democratic opposition," North wrote a computer memo to Poindexter reporting that a plane controlled by retired Air Force General Richard Secord had to be diverted from carrying arms to the *contras* so that it could deliver U.S.-made weapons to Iran. "Too bad," said the memo, "this was to be our first direct flight to the resistance field at [deleted] inside Nicaragua. The ammo was already palletized w/ parachutes attached. Maybe we can do it on Weds or Thurs."

When Congress appeared ready to resume military funding in October 1986, North proposed that the CIA purchase the Project Democracy assets, which he listed as including six aircraft, warehouses, ships, boats, houses and a 6,520-ft. airstrip in northern Costa Rica. The price tag: \$4.5 million. North even seems to have engaged in near blackmail when officials in Costa Rica threatened to close this airstrip. After consulting with Elliott Abrams, the top State Department official on *contra* policy, and Lewis Tambs, U.S. Ambassador to Costa Rica, North reported that he called Costa Rican President Oscar Arias Sánchez to threaten that the U.S. would cut off \$80 million in aid if this happened. Costa Rica closed the field anyway; the aid continued.

Later North wrote Poindexter, admitting that "I was well beyond my charter in dealing w/a head of state this way and in making threats/offers that may be impos-

sible to deliver . . . it seemed like the only thing we could do." Replied Poindexter: "You did the right thing, but let's try to keep it quiet."

The Tower commission finds the legality of these NSC staff actions murky, partly because in December 1985 Congress altered the Boland Amendment to permit some CIA intelligence exchanges with the *contras*. A classified appendix provided other loopholes. Scowcroft calls the Boland Amendment a "masterpiece of ambiguity."

Who knew of the diversion of Iran arms proceeds to the *contras*? Scowcroft conceded in an interview that the report "only scratches the surface of the *contra* diversion." The board was able to determine that at least \$23 million in profits from the arms sales was available for diversion. This includes \$3 million from the first two Israeli shipments and \$20 million from the four U.S. deliveries. In each case "the price charged to Iran was far in excess of what was paid to the Department of Defense." The board reports that "nothing is known" about the disposition of the Israeli profits and that other excess monies "remain unaccounted for."

Meese told the board North claimed that such a diversion had first been suggested by Israeli Counterterrorist Expert Amiram Nir in January 1986. Manucher Ghorbanifar, the Iranian middleman on the arms deals, contends that in February North asked him if the Iranians would pay \$10,000 per TOW missile, instead of \$6,500. When Ghorbanifar said yes, North "was a changed man."

The panel cites evidence that the CIA may have known about the existence of a possible diversion far earlier than it has admitted: a memo from George Cave, a former CIA official working with North on the Iran initiative, reported that Ghorbanifar, at a meeting in Paris in early March, had "proposed that we use profits from these deals and others to fund support to the re-

bels in Afghanistan. We could do the same with Nicaragua." But Cave told the board that neither he nor Ghorbanifar had ever mentioned a diversion.

In April of last year, North prepared a memo seeking presidential approval for McFarlane's trip to Tehran and stating that \$12 million in "residual" funds from the transaction would "be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces." But the board could find no evidence that North had even sent the memo to Poindexter. By May, North had told McFarlane that "the government is availing itself of part of the money for application to Central America." North told Assistant Secretary of Defense Richard Armitage in November that "it's going to be just fine . . . the Ayatollah is helping us with the Contras."

As for the President, the board concludes that "no evidence has come to light to suggest" that Reagan knew before Meese told him in November.

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Was there a cover-up? In perhaps its weakest section, the report notes that North, "either on his own or at the behest of others, actively sought to conceal important information" after the scandal became known. He produced a chronology of Iranscam events that "had many inaccuracies." McFarlane is faulted for helping Poindexter. North and other NSC staffers produce a dozen versions of this chronology, which the former National Security Adviser admitted "did not present a full and completely accurate account." The board reported that it could not confirm whether North had shredded documents relevant to the investigations under way.

On Nov. 21, just before the diversion of funds became public, Casey and Poindexter briefed congressional intelligence committees but "did not fully relate the nature of events as they had occurred." This produced an "understandable perception," said the board all too softly, "that they were not forthcoming." More ominously, the board also expressed its concern that notes presumably made by Poindexter, the official notetaker at key NSC meetings, "appear to be missing."

But in perhaps its most comforting finding for Ronald Reagan, the board concluded that "he did not intend to mislead the American public, or cover-up unlawful conduct." This was despite such televised claims by the President as "we did not trade arms for hostages" and all the weapons sent to Iran were defensive and "could fit in one plane." Unfortunately, the panel makes it relentlessly clear that the President's appalling lack of understanding about what was really occurring in no way vindicates him or his Administration. Indeed, that is the most damning indictment. —*By Ed Magnuson.*

Reported by Barrett Seaman and Bruce van Voorst/Washington



The former director of Central Intelligence failed to question the shaky assumptions behind the approach to Iran and apparently never explained to the President the risks if the initiative became public or the operation failed. Nor did he make clear to Reagan that North, rather than the CIA, was running the operation. "The President does not recall ever being informed of this fact," said the commission. "In-

deed, Casey should have gone further and pressed for operational responsibility to be transferred to the CIA. Because congressional restrictions on covert actions are both largely directed at and familiar to the CIA, Casey should have taken the lead in keeping the question of congressional notification active." Casey may also have had evidence that funds were being diverted to the *contras* at least a month before the diversion was uncovered, yet he failed in his "clear" responsibility to raise the matter with Reagan.